



Tennessee State Board of Accountancy

Department of Commerce and Insurance

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MEETING MINUTES

May 04, 2007

The meeting of the Tennessee State Board of Accountancy convened in the Davy Crockett Tower, Nashville, Tennessee on Friday, January 12, 2007, at 8:00 a.m.

Members present were Doug Warren, Chairman; Kenneth Cozart, Vice-Chair; Stanley Sawyer, Secretary; Max Haught, Joseph Buffler, Al Creswell, Terri Jeter-McAvoy, Lisa Stickel, Shannone E. Raybon, and Vic Alexander.

Also present were Linda Biek, Executive Director; Wayne Pugh, Staff Counsel; Mark Crocker, Investigator; Brenda Demastus, Administrative Assistant II; Brad Floyd, Executive Director of the TSCPA.

Mr. Warren called the meeting to order. Mr. Warren welcomed the guest and made the following announcement. Condolences to Daniel Syriac on the death of his uncle. Recognized new staff attorney, Wayne Pugh. Out-going board members, Joe Buffler and Max Haught.

Mr. Warren moved on to the consent agenda and asked if there was anything on the consent agenda anybody wanted to have removed? Mr. Warren asked if anybody proposed any action. Mr. William Underwood, made a motion to remove from consent agenda . Mr. Stanley Sawyer seconded the motion; it is slated for the next board meeting, August 3, 2007.

Linda Biek presented the **Executive Director's Report**: (copy attached)

1) Ms. Biek stated that at a Director's meeting held in Baltimore, MD. a few months ago that a problem with the scoring had been discovered. That to be discussed in detail with the Licensing Committee report. 2) Ms. Biek stated that she will take all four parts of the CPA exam, she has taken one part in February at the Franklin, TN. Location. She is planning to take the remaining 3 parts at different locations. The Thomson-Prometric system is a good one and is working fine, except for the rescoring issue.

3) In regards to the Sunset Audit, it's two-fold, one is to determine if the Accountancy Board should continue and also the performance of the board. The auditor is to release the report this summer.

4) A possible candidate is requesting the board review his personal situation, has had a past child abuse conviction. He received an eight year sentence and served five and a

half years. Mr. Joe Buffler suggested we get further information, regarding letters of support from the judge, the police etc. Mr. Wayne Pugh, Atty. Stated it probably wouldn't be possible to receive a letter from the judge. Mr. William Underwood made the motion to get further information and details. The motion was seconded by Mr. Max Haught. Mr. Vic Alexander requested that we obtain details of this case and letters of recommendation and check on any other criminal activity.

5) Ms. Biek stated that the board received several calls with the new notification for renewals for 2005-2006. Some people didn't receive, some didn't recognize it as being a notice from the board, thought it was a marketing item. She asked for input on changing the post card or suggestions for method of notification. Mr. Stan Sawyer suggested using a smaller postcard, but placing it within an envelope so that the individual would need to open, therefore would read the notice. Ms. Terri Jeter-McAvoy suggested not sending as an invoice, may cause confusion, just send as a notification. Most calls from licensees were due to the \$2.50 credit card fee. Ms. Biek suggested sending the postcard in the fall and then

6) Ms. Biek suggested that the post card be sent and then in January send notifications to those licensees that hadn't paid on line or sent any fees in. Ms. Biek is to contact the Indiana board and get a sample of their postcard design and give ideas to the Executive committee for the August board meeting.

7) Ms. Biek requested assistance from a volunteer of the board on the long and short term goals (members given a handout). Stan Sawyer had assisted Ms. Biek before and said he'd be happy to assist her with the review.

8) Ms. Biek informed the board of a discussion that she had with Berry Corp./BellSouth in regards to CPA's advertising in the Yellow pages. The corporation is to speak to its representatives and have them inquire of possible clients if they hold a CPA license or not and with that information, suggest to them the wording to be used in their advertisements.

9) Wayne Pugh gave short report to the board with some assistance from Stan Sawyer. Stan Sawyer made a motion that the report be approved, no second was needed.

Probable Cause Committee Report: Ms. Biek reported that the public is using Google searches to located and verify CPA's. The search engine is worldwide and is not state specific and doesn't give the necessary information. The public is using to find violators of the Board of Accountancy. She's to contact the search engine companies to inquire of their policy/process of clients. She did a random search but nothing was a violation of the law, rules or policy. Mr. Stan Sawyer brought up there are more and more "Web CPA's" some accounting done online. He asked "When is the line crossed" as to what can and can't be done via the internet?

Ms. Biek told the board of a firm that has applied for a license here in TN. But they have legal case against them in another state. The conclusion was that the application process couldn't be stopped. But pending the court case, we could deny. If the license was issued then could be revoked based on court decision. Ms. Terri Jeter-McAvoy asked that notification be made to the board on the outcome of the case. Ms. Biek stated that she plans on issuing license and filing a complaint against the firm if they are found guilty.

In regards to an individual consent order agreed to sign lowered fees from \$3100.00 to \$2500.00 Motion made by Wayne Pugh and seconded. Mr. Wayne Pugh made the motion

to have a formal hearing on the individual that was a “no show” for the second time. An informal hearing was to have been held Thursday, May 3, 2007.

Terri Jeter-McAvoy presented the **Finance and Administrative Committee Report:** (copy attached)

- 1) Mr. Doug Warren spoke to the Commissioner and Assistant Commissioner regarding the quarterly surplus. There is \$1.3 million in reserve. Part of the reserve maybe used in the Tongate case.
- 2) Ms. Linda Biek is to give a projected budget report to the board at the August board meeting after her meeting with Mr. Bill White.
- 3) Transcripts from a Junior college attended after four year institution, the junior college courses to appear on four year institutions transcript (Texas board). No discussion, Approved by board.
- 4) A candidate with past drug conviction can be licensed with the board's right to revoke with any future convictions.
- 5) We've had two declinations in regards to filling staff positions. Ms. Biek is to start the process again in order to get those positions filled.
- 6) Ms. Jeter-McAvoy recommended that the board sign the “Conflict of Interest” forms each year so that it would be fresh on each one's mind. No discussion.
- 7) Ms. Jeter-McAvoy suggested that the Executive Committee consist of three board members and that the board chair rotate every three years. Have the past chair (as long as they have membership) plus the three chairs. There was no discussion.

Joe Buffler presented the **Licensing Committee Report:** (copy attached)

- 1) The committee reviewed three applications to be a Tennessee Exempt Organization. 2 were approved 1) National Association of Insurance Commissioners, 2) Murfreesboro Estate Planning Commission. One was declined, (Western CPE) a revised/approved state specific criteria will be sent to them for reapplication. At that time they can submit individual courses.
- 2) *Rescoring, after Some discussion it was recommended by Ken Cozart and Joe Buffler that the second and third quarters be rescored. There will be no cost to TN., the candidates affected will be reimbursed by AICPA/NASBA.*
- 3) These are the State Specific Ethics Courses provided by either the TSCPA or PES.
- 4) Joe Buffler mad a motion that the State specific ethic criteria consist of three modules, Module I (Licensing Requirements and Continuing Education) Module II (Professional Conduct), Module III (Peer Review and Complaints) ALL modules must include Law and Rules. Board approved.
- 5) There were a total of 177 new licenses approved, 116 were initial and 61 were reciprocal.
- 6) Substance Abuse; Max Haught doesn't want the employer to be notified , not required. Are we to comply with the health code? Ms. Biek to research and report at the next board meeting and propose a similar program. She and Brad Floyd from TSCPA to meet on this subject. All agreed.
- 7) Ms. Biek gives talks on state specific ethics to different organizations and asked if her presentations could give her credit. Joe Buffler suggested that she submit her

criteria to the licensing committee for the August meeting, Ms. Biek agreed to do so.

- 8) Mr. Joe Buffler wants it put on the board's website that ALL exempt organizations get pre-approval before providing a state specific ethics course.
- 9) A motion was made by Joe Buffler to approve the Licensing Committee report; it was voted on and approved.

Al Creswell presented the **Peer Review Committee Report:** (see attached)

- 1) Twenty-eight (28) new firms have registered since the last meeting. The Committee shows eight (8) firms to be non-responsive, letters to be mailed out May 15, 2007.
- 2) William Underwood stated a concern that the list of reviewers is shrinking mainly due to retirement of individuals. Brad Floyd stated that the TSCPA is offering proactive courses because this is a National concern as well.

Old Business: The Tongate litigation, to have resolution soon. The State has hired Frank Stanlon as an attorney. Ms. Mary Moody is to invite him to the August meeting for an update.

Staggered renewals, best for staff, when back to full staff. To be discussed at August meeting, How to stagger? What pressure on firms?

New Business: The election of new board officers. Mr. Bill Underwood is the new secretary, Mr. Vic Alexander is the new Vice-Chair and the new Chairman is Mr. Ken Cozart.

Mr. Cozart stated his gratitude to Mr. Doug Warren for his time as Chair, Mr. Joe Buffler stated his enjoyment on serving on the board as did Mr. Max Haught

Mr. Brad Floyd stated that the TSCPA is providing the state specific ethics in eight (8) cities, multiples times and free or at a low cost. He also stated his interest in meeting with Ms. Biek on the subject of substance abuse to help the board with implementing it's program.

The TNSBA and TSCPA to meet after the August meeting.

The Executive Committee to submit ideas on Ms. Biek's annual review.

Mr. Doug Warren passed the gavel to Mr. Ken Cozart.

There being no further business to come before the Board the meeting was adjourned.

CHAIRMAN

SECRETARY